



MEMORANDUM

TO: Mayor and Council Members
Marc Ott, City Manager

FROM: Roger Duncan, General Manager

DATE: November 24, 2008

SUBJECT: Critical Business Need for Evaluation of Proposed Expansion of STP

In accordance with City Council-approved purchasing procedures, I am designating a proposed consulting contract with WorleyParsons as an immediate and critical business need of Austin Energy. The contract will assist us in evaluating the most recent cost estimates submitted by NRG regarding their proposal to add additional units to the South Texas Project (STP). This most recent notice was delivered on November 13, and assuming it is valid under the project Participation Agreement, the City has only three months to respond. The notice contains price and scope estimates of a complex nature, and we will need as much of this three month period as possible to conduct a thorough evaluation upon which Council can base a decision. WorleyParsons was previously selected through a competitive selection process to perform the analysis of NRG's 2007 estimate regarding the expansion project, and its familiarity with the project and previous work will allow them to begin quickly. I therefore intend to quickly execute a \$241,125 contract with WorleyParsons to assist with the analysis of the revised proposal.

Austin Energy will bring this item forward for ratification by the City Council at its next available meeting. Please let me know if you have any questions. I can be reached at 322-6157.

Roger Duncan
General Manager